

Gerald Herbert/Associated Press

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one of five cursuperstars who iating afternoon from a congresdetermined to cleaning up its nd performance-A sixth supers of the Chicago

White Sox, made a one-minute statement by videoconference from Tucson, where he is rehabbing a sore ankle.

When the spectacle ended and the TV lights went off, nobody went home happy. Future hearings are possible, and some lawmakers threatened that if baseball doesn't solve its problems, legislation could be forthcoming.

Commissioner Bud Selig and

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### Feds' antitrust inquiry targets Ariz. builders, telecom firms

By Max Jarman The Arizona Republic

The U.S. Department of Justice is investigating whether exclusive agreements between Arizona developers and communications companies, such as Cox and Qwest, violate antitrust laws.

Arizona Sen. John McCain also is concerned about the agreements and has questioned local telecommunications-company executives about the practice, a Cox Communications official said.

Cox officials have defended the agreements, saying they do not prevent competition. The Justice Department could take action to ban or limit the practice if it determined otherwise.

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In a so-called preferred-provider agreement, a developer grants a firm, such as Cox or Owest, exclusive rights to market its services inside a subdivision's model-home offices and gives it other advantages that

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#### IRAQ: TWO YEARS LATER

# sorrow, joy as it alters lives

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other side of

'I cry a lot'

melting.

Dennis Wahrer, a Vietnam War veteran from Tucson, says he lost his stepson and wife within days of

spouses, friends and children left

behind by the 45 Arizonans who

Each of those faces is heart

have died fighting in Iraq.

in the tearhe parents, See WAR Page A6 Inside

Back at home: Thoughts from those who have returned

Roll call: Arizonans "

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## FEDS Preferred-provider pacts investigated

From Page Al

+ may discourage competitors.

In some cases, home buyers are locked into paying for Internet or telephone service through homeowners association dues, so if they want a competitor's service, they have to pay on top of the dues or, in effect, pay twice.

If the Justice probe or Mc-Cain's concerns lead to a limit on the practice, it could offer consumers more choices but also stanch a revenue source for developers, who often get a

cut of the fees.

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The agreements also help ensure that up-to-date equipment is installed on time in a subdivi-

Cox confirmed that it has received subpoenas from the Department of Justice's antitrust division seeking information about the agreements but would not comment further.

"We have received a subpoena and will cooperate fully," Cox spokesman Ivan Johnson

Steve Rizley, vice president and general manager of Cox's operations in Arizona, said he was questioned recently about the deals by McCain in Wash-

McCain, a member of the Senate Commerce, Science and Transportation Committee, and a Justice Department spokesman could not be reached for comment.

The subpoenas ask for documents and responses and indicate the Justice Department is looking into whether the agreements constitute restraint of trade and a monopoly or an attempt to create one.

The growing trend of provider agreements was first reported in The Arizona Republic a few weeks ago, and telecom officials said the article led to inquiries by McCain. The March 2 article reported that most new residential developments in the Phoenix area have preferred providers and that some consumers were unhappy with the lack of choice.

It is the second controversy that has arisen in recent weeks over special arrangements and payments in the real estate industry. Insurance regulators in many states, including Arizona, also are probing kickbacks paid by title-insurance companies to home builders in return for being steered business. In Colorado, investigators found that kickbacks were paid to some of the largest builders in the Southwest and Arizona and three home builders based in the Valley.

The Justice Department's probe centers on an agreement between Cox Communications and developer Sunbelt Holdings at the 17,000-home Vistancia development in Peoria. The agreement gives Cox exclusive rights to market its products inside the model-home offices and in development newsletters and brochures. The agreement and a reported \$1 million service fee charged by a Sunbelt affiliate prompted competitor Qwest Communications International to stay out of the development.

But another small company, Accipiter Communications, complained to the Arizona Corporation Commission that the agreement was unfairly keeping it from providing telephone and Internet service to the area. Accipiter also confirmed Thursday that it received subpoenas from the Justice Department over the agreements.

Sunbelt's Chief Operating Officer Curt Smith said the company had no comment on whether it also received a "civil investigative demand," form of subpoena, from the government. Qwest has not been served regarding the investigation.

Cox has filed responses with the Corporation Commission, saying it believes the agreements are legal and don't pre-

vent competition.

Experts also say the industry is rapidly changing to consumers' benefit, as satellite companies offer television and Internet service and telephone companies push Internet and video. Internet phone service also is

growing.

Preferred-provider agreements are popular in other cities, but the practice was pioneered in the Phoenix area in 1996 when home builder DMB Associates struck an exclusive deal with Owest to install a system at DC Ranch in Scottsdale. At the time, new homeowners in some areas were waiting months for telephone service to be provided.

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